Southern OREGON UNIVERSITY

OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

January 11, 2018

TO: Southern Oregon University Board of Trustees, Finance and Administration Committee

FROM: Sabrina Prud'homme, University Board Secretary

RE: Notice of Regular Meeting of the Finance and Administration Committee

The Finance and Administration Committee of the Southern Oregon University Board of Trustees will hold a regular meeting on the date and at the location set forth below.

Topics of the meeting will include a vice president's report with a review of the committee's dashboard and onboarding and construction project updates. There will also be endowment investment and quarterly management reports; discussion about initial enrollment projections, the budget process and assumptions for fiscal year 2018-19; a budget update on auxiliaries; and discussion on proposed capital projects.

The meeting will occur as follows:

Thursday, January 18, 2018
4:00 p.m. to 6:00 p.m. (or until business concludes)
Hannon Library, DeBoer Room, 3rd Floor, Room #303

The Hannon Library is located at 1290 Ashland Street, on the Ashland campus of Southern Oregon University. **If special accommodations are required or to sign-up in advance for public comment, please contact Kathy Park at (541) 552-8055 at least 72 hours in advance.**

Board of Trustees
Finance and Administration Committee Meeting
January 18, 2018

Call to Order / Roll / Declaration of a Quorum

Board of Trustees
Finance and Administration Committee Meeting

Thursday, January 18, 2018
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

AGENDA

Persons wishing to participate during the public comment period shall sign up at the meeting.
Please note: times are approximate and items may be taken out of order.

	1	**Call to Order/Roll/Declaration of a Quorum**	Chair Paul Nicholson
	1.1	Welcome and Opening Remarks	
	1.2	Roll and Declaration of a Quorum	Sabrina Prud'homme, SOU, Board Secretary
	1.3	Agenda Review	Chair Nicholson
	2	**Public Comment**	
15 min.	**3**	**Vice President's Report**	Greg Perkinson, SOU, Vice President for Finance and Administration
	3.1	Onboarding Update	
	3.2	Committee Dashboard	
	3.3	Construction Projects Update	
5 min.	**4**	**Consent Agenda**	
	4.1	Approval of October 19, 2017 Meeting Minutes	Chair Nicholson
	5	**Information and Discussion Items**	
20 min.	5.1	Endowment Investment Report, First Quarter	Penny Burgess, USSE, Director of Treasury Services
15 min.	5.2	Quarterly Management Report, Second Quarter	Steve Larvick, SOU, Director of Business Services

Board of Trustees
Finance and Administration Committee Meeting

Thursday, January 18, 2018
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

AGENDA (Continued)

15 min.	5.3	Initial Enrollment Projections	Dr. Matt Stillman, SOU, Registrar and Director of Enrollment Services; Dr. Blaine Steensland, SOU, Acting Vice President for Enrollment and Student Life
20 min.	5.4	Budget Process and Assumptions, Fiscal Year 2018-19	Mark Denney, SOU, Associate Vice President for Budget and Planning
10 min.	5.5	Budget Update: Auxiliaries	Mark Denney
10 min.	5.6	Proposed Capital Projects	Greg Perkinson
5 min.	5.7	Future Meetings	Chair Nicholson
	6	**Adjournment**	Chair Nicholson

Public Comment

Vice President’s Report

Road Map

- Onboarding Update
- Committee Dashboard Review
- Construction Project Update
- Other General Updates

Onboarding Update

- Tip of the Hat to Craig for orchestrating on-boarding
- Entire staff is laser-focused…and well prepared
- Week-one focus on 'ingestion' with week-two focus on 'digestion'
- Turning attention to SD 5 – "maintain financial stability and invest for institutional vitality"
  - ➢ Stabilize (and improve) revenue streams
  - ➢ Manage (and control) costs
  - ➢ Leverage effective forecasting to enable management and advocacy
  - ➢ Enable the vision by driving initiatives and innovation (i.e., affordable housing; space utilization (and right-sizing the physical plant); improving the SSCM; and empowering the faculty, staff and students)

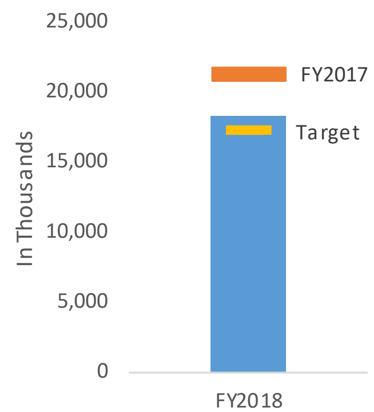
- Next:
  - ➢ Develop Enterprise Risk Management model, train, then implement
  - ➢ Collaborate and engage (garner Boiler project funding; and advance CSL discussion and buy-in)

Financial Dashboard

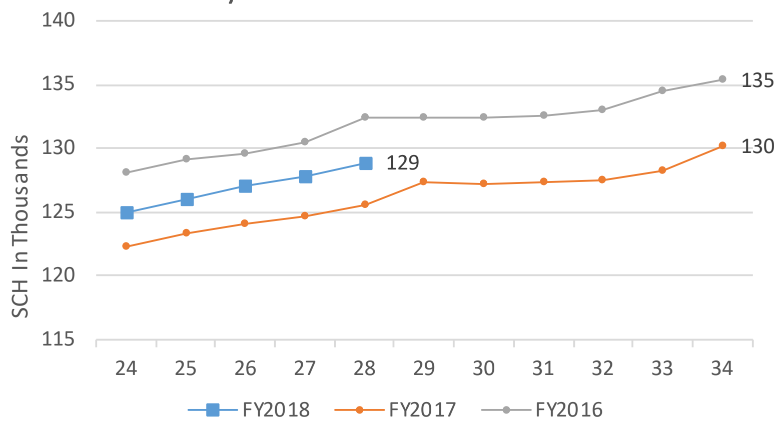
For FY18 before close of period 06

As of December 31, 2017

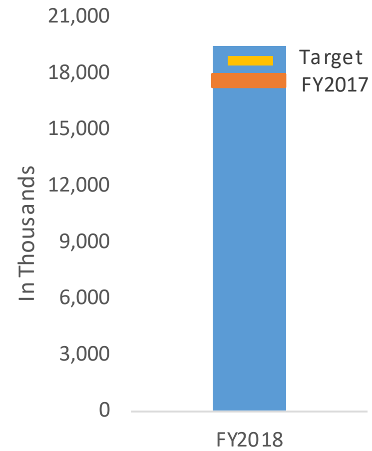
Public University Funds Operating Cash



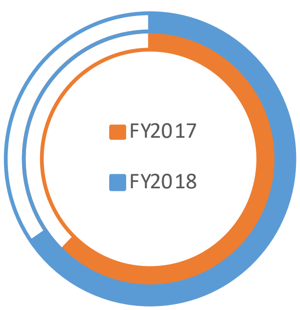
Total Student Credit Hours by Week of the Fiscal Year



E&G Fund Balance

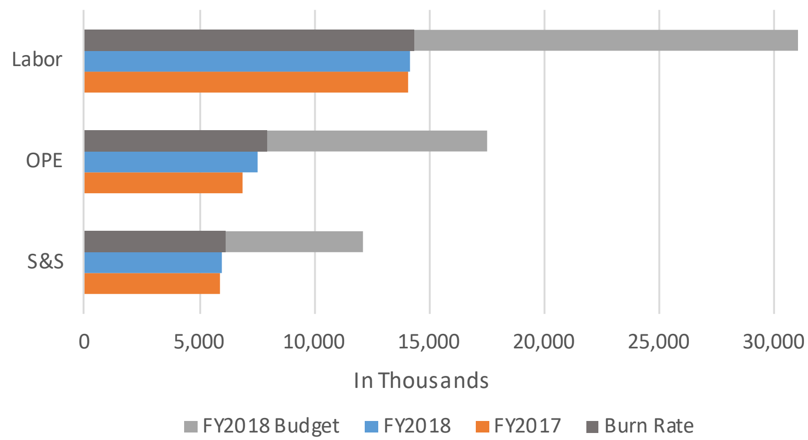


E&G YTD Revenues



FY2018 Collected 39,653,343
(65% of budget)

E&G YTD Select Expenses



Construction Projects Update

Winter 2018

Lithia Motors Pavilion

- **Funding:**
  - XI-Q 2015 DM & Seismic: $21.3M
  - XI-F 2017 McNeal Hall Const: $2M
- **Estimated Completion Date (ECD):** March 2018
- **Scope:** Replaces existing outdoor leadership and athletic facility.
  - Includes modern sports medicine and locker room upgrades.
  - New outdoor classroom, sand volleyball court, outdoor recreation equipment storage.
  - Classrooms can serve as emergency operations center.
- **Risks and Issues:** None. Adequate budget and mostly new and renovated spaces.

Student Recreation Center

- **Funding:**
  - XI-F 2013 - $ 6.3M
  - XI-F 2015M - $13.8M

- **ECD:** March 2018
- **Scope:** New facility to provide recreation and fitness opportunities to students. Includes outdoor volleyball court, indoor climbing wall and extensive equipment.
- **Risks and Issues:** None. Adequate budget and it's a new facility.

Theatre

- **Funding:**
  - XI-Q 2015 - $11M
- **ECD (Phased Opening):**
  - New North Wing: 3/22/18
  - Rehearsal and Upstairs: 1/19/18
  - Black Box and Control Room: 1/15/18
  - Costume Shop Complete (1/15/17)
- **Scope:** Renovates several existing areas and adds a new metal shop, movement studio and rehearsal studio. New faculty offices. Adds administrative offices and interaction zones.
- **Risks and Issues:** Delayed start, tight budget, largest project for contractor, multiple budgets. Students in flex facilities.

Jefferson Public Radio

- **Funding:**
  - Construction: Gift Funds - $1.25M
  - Addition: XI-F 2017 - $1.5M

- **Completion (Anticipated):** April 18

- **Scope:** Relocates Jefferson Public Radio offices and studios from basement of Central Hall to its own facility with performance studio. Location provides exposure to students.

- **Risks and Issues:** Manageable (complexity and budget)

Britt Hall

- **Funding:** XI-F2017 - $4.7M
- **ECD:** Spring 2020
- **Scope:** Will consist of "stiffening" the building to survive an earthquake and improve the environmental conditions of the building.

- **Risks and Issues:**
  - Seismic mitigation is more extensive than originally planned and will require most of funding.
  - Residual funding should be enough to take care of cooling on main floor.
  - Must relocate OHSU labs on bottom floor.

Thalden Pavilion

(Dedicated to Outrageous Innovation in Sustainability and the Arts)

- **Funding:** Donor - $514K
- **ECD:** 3/2/18
- **Scope:** New exciting outdoor classroom and activity facility located at the Campus Farm.

- **Risks and Issues:** Contractor performance

Summary and Next Actions

- F&A is ‘all in’ – supporting the Strategic Planning process is critically important
  - Form teams and develop action plans
  - Create simple tracking mechanism (to celebrate progress and hold ourselves accountable to specific milestones/KPI)

- It’s a Team Sport! Collaborate and engage (near-term goals are: securing Boiler project funding and providing CSL)

- Transparency matters…and *Sightlines* contract will be an enabler (three phases: Discover / Prediction / Performance)

- Unlock high-value opportunities through creativity and innovation

Consent Agenda

Board of Trustees
Finance and Administration Committee Meeting

Thursday, October 19, 2017
4:00 p.m. – 6:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

MINUTES

Call to Order/Roll/Declaration of a Quorum
In Chair Paul Nicholson's absence, Trustee Slattery called the meeting to order at 4:02 p.m. and welcomed everyone to the committee's first meeting of the academic year.

The following committee members were present: Dennis Slattery, Sheila Clough, Lyn Hennion and April Sevcik. Trustee Les AuCoin was absent due to an illness. Trustee Paul Nicholson was also absent. Trustees Bill Thorndike and Linda Schott (ex officio) also attended the meeting.

Other meeting guests included: Craig Morris, Vice President for Finance and Administration; Jason Catz, General Counsel; Dr. Susan Walsh, Provost and Vice President for Academic and Student Affairs; Mark Denney, Associate Vice President for Budget and Planning; Devon Backstrom, ASSOU; Kendall Meador, ASSOU; Joe Mosley, Director of Community and Media Relations; Treasa Sprague, Administrative Services Coordinator; Kemble Yates, APSOU; Ryan Schnobrich, Internal Auditor; Shane Hunter, Senior Financial Management Analyst; Steve Larvick, Director of Business Services; John Stevenson, User Support Manager; Don Hill, Classroom and Media Services Manager; Sabrina Prud'homme, Board Secretary; and Kathy Park, Executive Assistant.

Consent Agenda
Trustee Hennion moved to approve the minutes from the June 15, 2017 and July 19, 2017 meetings, as presented. Trustee Sevcik seconded the motion, which passed unanimously among members who voted. Trustee Clough abstained due to absence from the June meeting.

Public Comment
There was no public comment.

Vice President's Report
Craig Morris reviewed the financial dashboard, noting that operating cash is above the target but down slightly from last year. The ending fund balance also is a little better than last year and at target. All the burn rates and revenues are running better than last year. Student FTE is up over last year by 2.5 percent and student credit hours are up 2.7 percent.

The primary reserves (the unrestricted net position over operating and interest expenses) is at 10.46 percent; the retrenchment goal was 10.51 percent. The national standard is 40 percent and includes the endowment. The current ratio is 1.8:1 and the standard, where SOU consistently has been, is 1:1; the difference is due to construction funds on the balance sheet. The debt burden ratio is 3.9 percent, compared to the standard of 7 percent.

Mr. Morris explained that the boiler replacement project will be presented as an emergency project in the upcoming short session, with support from Representative Pam Marsh. Responding to Trustee Clough, Mr. Morris said trustee assistance may be needed. President Schott added that the Legislative Affairs Council is assembling a list of prioritized projects and the Oregon Council of Presidents hopes to have a unified message around such projects.

Turning to multi-year capital planning, Mr. Morris said Sitelines came to campus about two years ago and provided a report to the committee on SOU's deferred maintenance backlog. SOU then developed a short list of projects to move forward over the next several biennia, including the boiler project and Central Hall. This winter, the new Vice President for Finance and Administration will again have that conversation to decide what projects SOU will put forward in the 2019 session.

Mr. Morris then discussed current service level (CSL), the formula the Department of Administrative Services uses each biennium to calculate how much additional funding state agencies require to meet their personnel and benefit cost needs. The CSL was at a 4.7 percent increase and the PUSF received a 10.8 percent increase ($72 million) over the last biennium. That $72 million runs through the funding model. Looking at the allocation of the PUSF among the seven public universities, Mr. Morris stressed that SOU received only a 2.4 percent increase, by far the lowest increase of all the institutions, and about half of the CSL. He has been voicing concerns that there is something wrong with the funding model and that all institutions should be guaranteed the CSL and any funding beyond that should be split in accordance with the funding model. Returning to Trustee Clough's earlier inquiry, Mr. Morris said this is the big item that could use trustee support. Responding to inquiries from Trustees Sevcik and Clough, Mr. Morris said the funding model treats SOU poorly. It funds institutions in two ways: a base funding level and then funding based on degrees awarded and on enrollment for resident students only. Discussion ensued on a variety of related topics.

Mr. Morris then mentioned the report SOU will deliver to the HECC in December. SOU will cover its evaluation report, conditions report, mission statement review and strategic planning. Dr. Walsh said the team will work together to provide President Schott the best possible presentation. At the HECC's January meeting, it will comment on SOU's conditions report and evaluation. Mr. Morris was confident SOU would meet the established metrics. In accordance with the amended legislation, the HECC would provide the governor and legislature its opinion on SOU's financial position and that recommendation would come to the board to determine what action to take, if any.

Information and Discussion Items

<u>Update on the Vice President for Finance and Administration Search</u>

Dr. Walsh said four candidates for the Vice President for Finance and Administration position came to campus. Surveys were administered after the visits and feedback was gathered. The search committee will check references then provide to the president the pros and cons of each candidate as well as summaries of feedback.

Year-End Financials and Periodic Management Report

For FY17, Mr. Morris said SOU budgeted to end with a fund balance of 13.7 percent. The last forecast provided to the committee in the spring was 11.7 percent. The actual ending fund balance was 12.9 percent; from that figure, an adjustment will be made. He then talked about the accounting for the fraud. CliftonLarsonAllen (CLA) said that, unless SOU has something in writing from the insurance company that it will cover the loss, SOU has to write it off. If SOU receives an insurance payment, it can be recorded as revenue. Since SOU does not have that written guarantee from the insurance carrier, SOU is writing off $1.3 million from the 12.9 percent. This will bring the fund balance down to 10.1 percent, which is.1 percent better than the goal set in the retrenchment plan, but administration is not comfortable with that level.

Mr. Morris said the surplus from the North Campus Village (NCV) goes into an agency account, which is off SOU's balance sheet. After a final audit of the NCV, SOU is allowed to move the surplus from the agency fund to SOU's books and apply it as desired. Responding to Trustee Hennion's inquiry, Mr. Morris said housing would like to receive the money but has enough in its reserves to accommodate this and would not have to raise room and board rates.

Steve Larvick then reviewed the periodic management report as detailed in the meeting materials. In the Education & General category, he highlighted the tuition revenue, revenue from the NCV land use, labor costs, savings in employment, recognition of the fraud loss as a fund deduction and the ending fund balance of 11.6 percent. For Auxiliary Enterprises, he highlighted the lower revenue from enrollment fees, housing occupancy, athletic events and food service sales; labor costs; savings from bond refinancing; the land lease expense for the NCV; and the negative ending fund balance of about $1 million. In the Designated Operations category, he highlighted the Sales & Services revenue and pass through money from the JPR Foundation; sale of the Cascade Theater; labor costs; and the ending fund balance of $1.5 million. The All Current Unrestricted Funds are at an 8.6 percent ending fund balance.

Mr. Morris said CLA is almost done with its audited financial statements and commended Mr. Larvick and his team on their efforts. The CLA report will be presented in the January meetings.

Review of Pro Forma

Mark Denney reviewed the pro forma, focusing primarily on what had been budgeted, what is currently projected, and variances between the two. The 2017-18 budget had a 10.1 ending fund balance. SOU set its budget based on the governor's recommended budget of $665 million but the PUSF received $737 million. At $737 million, SOU's increase was based on the funding model allocation and SOU received an additional 1 percent (about $900,000) over last year. That $900,000 offset the $800,000 reduction in tuition that SOU previously agreed to make. Mr. Denney said enrollment and labor are better than projected. Supplies & Services and Net Transfers are tracking close to the budgeted amount. In summary, Mr. Denney said there was a projected deficit budget of about $700,000 but a surplus budget of about $400,000 now is forecasted.

Mr. Denney described how the student success and completion model (SSCM) calculated funding for the institutions, saying SOU should receive additional money in future years based on its improvement in degrees awarded, if that improvement is a trend. Mr. Morris added that SOU's conscious work to improve degrees awarded is starting to pay off.

Mr. Morris noted the decreases in the fund balance over the next few years using current assumptions but reiterated that increased enrollment and state allocations would help. Mr. Denney said the current budget projections do not take into account the Academic Partnerships programs and then reviewed the pro forma with those programs included. Using a very conservative model and not including any state revenue, Mr. Denney said the Academic Partnerships programs quickly become profitable and impact the ending fund balance positively, limiting the projected decline to about 1 percent per year. Mr. Denney and Mr. Morris said this does not fix the problem but is a good step in the right direction.

Budget Calendar and Process

Mark Denney said that, with each element of the budget, he will update the pro forma to reflect projections and decisions made during the process, giving the committee situational awareness each time it is asked for guidance. The budget calendar is unchanged from last year except for having tuition and mandatory fees first reviewed by the committee and approved by the board in March, rather than April. Mr. Denney mentioned the change in the student fee process from three committees to a one-committee model.

Committee Meeting Schedule and Future Meetings

Trustee Slattery reviewed the future meeting schedule with the committee. Trustee Slattery thought the meeting schedule worked well, as did Trustee Hennion. The full board will be asked to adopt the meeting schedule at its meeting the following day.

In closing, Trustee Slattery said this was Mr. Morris' last Finance and Administration Committee meeting before he retires. Trustee Slattery then provided some highlights from Mr. Morris' career at SOU and in the community. Trustees Slattery, Sevcik and Hennion, Dr. Walsh, Jason Catz and President Schott highly praised Mr. Morris for his leadership, honesty, judgment, hard work and courage. President Schott mentioned Mr. Morris' retirement party on December 7.

Adjournment

Trustee Slattery adjourned the meeting at 5:38 p.m.

Investment Report, First Quarter

Report on Investments – as of September 30, 2017

Market Background

(Provided by Callan Associates, Oregon Investment Council consultant)

Macroeconomic Environment

Last quarter, we wrote about the Goldilocks environment ("Not too hot, not too cold, but just right") and investor complacency keeping volatility at multi-decade lows and propelling stock markets to new highs. The first fiscal quarter followed suit in spite of escalating tensions with North Korea, several severe natural disasters and uncertainty around the prospects for tax reform and other domestic agenda items. In spite of these challenges and questionable valuations, the Standard & Poor's 500 (S. & P. 500), Russell 2000 and National Association of Securities Dealers Automated Quotations (N.A.S.D.A.Q.) all hit record highs on the final trading day of the quarter. It was the N.A.S.D.A.Q.s 50th record close this year. Non-U.S. stocks also posted solid single-digit returns, bolstered by improving economies as well as a weakening U.S. dollar. The risk-on environment continued, and emerging market equities and debt posted the strongest returns within their respective asset classes. Commodity indices also rose as crude oil prices surged nearly 20 percent after falling during the first half of the calendar year. All major asset classes delivered positive results in the first fiscal quarter. Cash has also perked up from its dismal zero percent days, posting a 0.3 percent return for the quarter.

In the U.S., second calendar quarter real Gross Domestic Product (G.D.P.) growth was revised up to 3.1 percent (annualized), the fastest pace since the first calendar quarter of 2015. While hurricanes Harvey and Irma may provide a temporary setback to U.S. growth, rebuilding efforts are likely to provide a boost to G.D.P. in the fourth calendar quarter and into 2018. And in a relatively new development, the Institute for Supply Management manufacturing index is showing signs of strength. In August, the Index hit 58.8 (anything above 50 signals expansion). The September reading, released in early October, rose to 60.8 with both its employment and new orders components signaling broad-based strength. This marked the highest level in thirteen years. Unemployment ticked up slightly in August to 4.4 percent, but labor conditions remain tight. Inflation continues to fall short of the Federal Reserve's (Fed's) 2 percent target, puzzling many. The headline Consumer Price Index was 1.9 percent as of August (year-over-year) while Core was 1.7 percent. Both were unchanged from levels three months ago. The Fed's favored measure, the Personal Consumption Expenditure price deflator, gained 1.4 percent year-over-year (also unchanged). The Fed left rates unchanged at its September meeting, but 12 of the 16 Federal Open Market Committee members expect one more hike this year and markets put that probability at about 70 percent. The Fed also announced that its previously communicated plan to reduce the size of its balance sheet would begin in October of this year. It will reduce reinvestment of its holdings by $10 billion per month, increasing this amount gradually each quarter to $50 billion per month at the end of 2018. In other Fed news, Vice Chairman Stanley Fischer resigned for "personal reasons," leaving a fourth vacancy on the Fed's governing board. Further, Janet Yellen's term as chair expires in February, 2018 with no clear replacement as of yet.

Non-U.S. developed economies continued to gain traction. Second calendar quarter G.D.P. growth in the euro zone was 2.3 percent (year-over-year) with consumer confidence and demand both showing strength. The European Central Bank's Governing Council left monetary policy unchanged, but Bank President Mario Draghi indicated that decisions around the timing of a tapering program would be made in October. The euro gained ground versus the U.S. dollar and the pound continued to strengthen on hawkish comments from the

Bank of England. German Chancellor Angela Merkel's party won an impressive fourth term but her victory was tarnished by the showing of the right-wing nationalist party. The "Alternative for Deutschland" party attracted 13 percent of voters, marking the first entry of a far-right party into Parliament in more than 60 years. Also noteworthy was Catalonia's overwhelming vote for independence from Spain, as the quarter ended. The outcome remains uncertain but is a reminder that the cohesion of the European Union continues to face challenges. Outside of Europe, Japan's economy continued to slowly recover; second calendar quarter G.D.P. growth was 2.5 percent (annualized). While this was lower than expected, the economy has now expanded for six consecutive quarters. In China, economic news has generally been positive but the country was downgraded to A+ by Standard and Poor's, which cited growing concerns over credit growth.

Equity Market Results

The S. & P. 500 Index gained 4.5 percent in the first fiscal quarter (third calendar quarter) and is up 14.2 percent for the calendar year. Several U.S. stock market indices hit record highs going into quarter-end as investors shrugged off bad news and pinned their hopes on meaningful tax reform. Small cap equities outperformed large cap equities across styles for the quarter, but trail on a calendar year-to-date basis. Growth outperformed value for the quarter and calendar year-to-date, as growth has outperformed value by more than 10 percentage points across the capitalization spectrum. Technology, namely a handful of stocks, continued to fuel the growth indices' returns, especially in the large cap space (see below). The "FAAMG" (Facebook, Apple, Amazon, Microsoft and Google) stocks have an average return of 31 percent calendar year-to-date and have contributed 7.3 percent of the 20.7 percent calendar year-to-date return for the Russell 1000 Growth Index. Technology stocks now comprise 23 percent of the S. & P. 500 Index and 38 percent of the Russell Growth Index. Along with Technology (+8.6 percent), Energy (+6.8 percent) and Telecommunications (+6.8 percent) were strong sectors. Consumer Staples (-1.3 percent) was the sole sector to deliver a negative result for the first fiscal quarter.

	3Q (Calendar)	Y-T-D (Calendar)
Facebook	13.2%	48.5%
Apple	7.4%	34.7%
Amazon	-0.7%	28.2%
Microsoft	8.6%	21.9%
Google (Alphabet A & C shares)	5.1%	23.6%
Russell 1000 Growth Index	5.9%	20.7%
S&P 500 Index	4.5%	14.2%

Overseas, the Morgan Stanley Capital Indices (M.S.C.I.) European Australasia Far-East (E.A.F.E.) Index (+5.4 percent) outperformed U.S. markets in the first fiscal quarter and posted a strong 20.0 percent return for the calendar year-to-date period. Gains were broad-based with several countries (Austria, Portugal, Italy, and Norway) posting double-digit returns. The U.S. dollar continued to weaken, down 3.4 percent versus the euro, Canadian dollar, and the U.K. pound. Within the M.S.C.I. E.A.F.E., Europe ex-United Kingdom (U.K.) was up 6.9 percent, the U.K gained 5.2 percent, and Japan increased 4.0 percent. From a sector perspective, Energy and Materials posted double-digit gains while Health Care and Consumer Staples were laggards with results of less than 1 percent. Emerging markets modestly outperformed developed (M.S.C.I. Emerging Markets USD: +7.9 percent) and the Index is up an impressive 27.8 percent calendar year-to-date. Emerging

Asia continued to be the key driver (as was the case in the first and second calendar quarters) with China (+14.7 percent) taking the lead. The only emerging market country to deliver a negative return was Greece (-12.1 percent). Elsewhere, Russia and Brazil (+17.6 percent and +22.9 percent) both posted sharp gains as their economies improved, reversing second calendar quarter declines. India, where second calendar quarter growth did not meet expectations, posted a more muted return at 3.0 percent.

Fixed Income Market Results

Interest rates were range-bound during the first fiscal quarter. The yield on the 10-year U.S. Treasury closed the quarter at 2.33 percent, only two basis points higher than at the end of the previous quarter. The yield curve continued its flattening trend and the 2-year Treasury yield ended the quarter at 1.47 percent, its highest level since August 2008. The Bloomberg Barclays Aggregate U.S. Bond Index posted a 0.8 percent result with corporate bonds outperforming other investment grade sectors. The Bloomberg Barclays U.S. Corporate Index was up 1.3 percent for the quarter. High yield corporates fared even better, with the Bloomberg Barclays U.S. Corporate High Yield Index up 2.0 percent. Treasury Inflation Protected Securities (T.I.P.S.) regained some of their underperformance from the previous quarter. The Bloomberg Barclays U.S. T.I.P.S. Index rose 0.9 percent and the 10-year breakeven spread (the difference between nominal and real yields) rose to 1.84 percent as of quarter-end from 1.73 percent at the end of the second calendar quarter.

Rates were also steady overseas, though dollar weakness boosted returns. The U.S. dollar lost nearly 3 percent versus a broad basket of developed markets currencies. The Bloomberg Barclays Global Aggregate Index returned 1.8 percent (unhedged) versus 0.8 percent for the hedged version. Emerging markets debt posted solid returns. The JP Morgan Emerging Market Bond Global Diversified Index ($ denominated) was up 2.6 percent. Gains were broad-based with only beleaguered Venezuela (-10.6 percent) posting a negative return. The local currency JP Morgan Global Bond - Emerging Market Global Diversified Index returned 3.6 percent. Returns were mixed for this Index with Brazil (+10.8 percent) being the best performer on improving economic and political news and Argentina's first-ever local bonds (- 4.1 percent) being the worst on worries over the success of reforms. Calendar year-to-date, the two emerging markets debt indices are up 9.0 percent and 14.3 percent, respectively.

The municipal bond market also performed well, benefiting from favorable supply/demand dynamics and steady rates. New issue supply was down 17 percent from 2016 (through the first three calendar quarters of 2017). The Bloomberg Barclays Municipal Bond Index returned 1.1 percent for the quarter and the shorter duration 1-10 Year Blend Index was up 0.7 percent. Puerto Rico remained in the headlines in the aftermath of the devastating hurricane with its bonds trading at less than 50 cents on the dollar.

Other Asset Results

Brent crude oil prices rose nearly 20 percent for the quarter on relatively strong demand and signs that OPEC's production cuts may be easing the supply glut. The energy-heavy S. & P. Goldman Sachs Commodity Index gained 7.2 percent while the more diversified Bloomberg Commodity Index was up 2.5 percent. The Alerian Master Limited Partnership (M.L.P.) Index (-3.0 percent) was hurt by one of its larger constituents cutting its dividend, and its performance illustrates that (M.L.P.) prices do not always move in tandem with oil prices. Gold gained 3.4 percent and Real Estate Investment Trusts (R.E.I.T.s) were up modestly (S. & P. Global R.E.I.T.: +1.4 percent; M.S.C.I. U.S. R.E.I.T.: +0.9 percent). U.S. T.I.P.S. outperformed nominal Treasuries; the Bloomberg Barclays U.S. T.I.P.S. Index returned 0.9 percent. The

Dow Jones Brookfield Global Infrastructure Index gained 3.3 percent and is up 15.2 percent calendar year-to-date.

Closing Thoughts

We entered 2017 with U.S. stock markets at record highs and historically low volatility. We approach calendar year-end with markets at new record highs, continued low volatility, and valuations stretched across most areas of the investment markets. Meanwhile, challenges remain both geopolitically as well as with respect to the domestic legislative agenda. Hopes for tax reform (read "cuts") remain high, but President Trump's framework is only a first step in what is likely to be a long and contentious process. Finally, inflows from overseas buyers have contributed to the appreciation in markets, but it is impossible to predict what will cause these flows to reverse course. Callan cautions investors to temper return expectations and, as always, we encourage investors to maintain a long-term perspective and prudent asset allocation with appropriate levels of diversification.

Public University Fund

(Prepared by the Public University Fund Administrator)

The Public University Fund gained 0.5 percent for the first fiscal quarter ended September 30, 2017. The P.U.F.'s three-year average return was 1.5 percent through September 30, 2017.

The Oregon Short-Term Fund returned 0.4 percent for the quarter, outperforming its benchmark by 10 basis points. The Core Bond Fund returned 0.6 percent for the quarter, performing in line with its benchmark. In October, Oregon State Treasury fixed income portfolio manager, Tom Lofton, conducted a quarterly performance review with University staff and its investment advisor. The Core Bond Fund's 8.3 percent cash position at quarter end was a result of unsettled trades. Mr. Lofton is deploying current cash balances into the mortgage-backed securities sector.

During the quarter, investment earnings distributed to Southern Oregon University totaled $100,299. The market value of SOU's allocable share of the P.U.F. was $20,590,241 on September 30, 2017.

Southern Oregon University Endowment Fund

(Prepared by USSE Staff)

The SOU Endowment Fund returned 4.4 percent for the quarter, outpacing its policy benchmark by 40 basis points. The Fund ended the quarter with a balance of $2.38 million.

The majority of the Fund's assets (75 percent) are allocated to a global equity index strategy while 25 percent of the portfolio is allocated to an "actively" managed fixed income fund. For the three months ended September 30, the Western Asset Core Plus Bond Fund returned 1.8 percent, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index by 100 basis points. The Blackrock All-Country World Index outperformed its benchmark by 10 basis points, up 5.4 percent for the quarter.

Southern Oregon University
Investment Summary
as of September 30, 2017
(Net of Fees)

	Quarter Ended 9/30/2017	Prior Fiscal YTD	Current Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Range
SOU Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.4%	0.2%	0.4%	0.8%	0.7%	1.1%	$ 8,955,617	43.5%	1
Benchmark - 91 day T-Bill	0.3%	0.1%	0.3%	0.3%	0.2%	0.5%			
2 P.U.F. Core Bond Fund	0.6%	N/A	0.6%	N/A	N/A	N/A	11,634,624	56.5%	1
3 Blended Benchmark	0.6%	N/A	0.6%	2.9%	1.7%	N/A			
Total Operating Assets Invested in Public University Fund	0.5%	0.4%	0.5%	1.5%			$ 20,590,241	100.0%	
SOU Endowment Assets									
BlackRock A.C.W.I. I.M.I. B	5.4%	5.7%	5.4%	8.1%	10.8%	N/A	$ 1,797,066	75.5%	
Benchmark - M.S.C.I. A.C.W.I. I.M.I Net	5.3%	5.6%	5.3%	7.7%	10.4%	N/A			
Western Asset Core Plus Bond Fund	1.8%	1.6%	1.8%	4.7%	4.0%	5.9%	579,544	24.4%	
Benchmark - Bloomberg Barclays Aggregate Index	0.8%	0.5%	0.8%	2.7%	2.1%	4.3%			
Cash	0.4%	0.2%	0.4%	0.8%	0.7%	1.1%	1,149	0.0%	
Benchmark - 91 day T-Bill	0.3%	0.1%	0.3%	0.3%	0.2%	0.5%			
							2,377,759	99.9%	
Arrowstreet Tax Reclaim Receivable							1,998	0.1%	
Total Endowment Assets	4.4%	4.4%	4.4%	7.0%	9.2%	5.2%	$ 2,379,757	100.0%	
4 Policy Benchmark	4.0%	4.0%	4.0%	N/A	N/A	N/A			

1 The Public University Fund (P.U.F.) policy guidelines define investment allocation targets based upon total participant dollars committed. Core balances in excess of liquidity requirements for the participants are available for investment in the Core Bond Fund. Maximum core investment allocations are determined based upon anticipated average cash balances for all participants during the fiscal year.

2 The P.U.F. Core Bond Fund was established on April 3, 2017, to incorporate policy updates and sector exposure restrictions. The securities held in the Oregon Intermediate-Term Pool and Long-Term Pool (excluding fossil-fuels) were transferred into the P.U.F. Core Bond Fund on April 3, 2017.

3 Blended Benchmark Composition: 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

4 Policy Benchmark Composition: 75% Morgan Stanley Capital Indices All-Country World Investable Market Index Net , 25% Bloomberg Barclays Aggregate Bond Index.

Note: Outlined returns underperfomed their benchmark.

Quarterly Management Report, Second Quarter

SO Southern OREGON UNIVERSITY

Periodic Management Report

As of December 31, 2017
Fiscal Year Ending June 30, 2018

Budget Forecast

(in thousands except enrollment)	FY2017 Final Results	FY2018 Initial Budget	% Change	FY2018 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
EDUCATION & GENERAL								
State General Fund	$ 21,540	$ 20,304	-6%	$ 21,260		$ 956	5%	(1)
Tuition & Resource Fees, net of Remissions	34,111	38,374	12%	37,532		(842)	-2%	(2)
Other	3,314	1,937	-42%	1,887		(50)	-3%	(3)
Total Revenues	$ 58,965	$ 60,616	3%	$ 60,680	67.7%	$ 64	0%	
Personnel Services	$ 46,264	$ 49,966	8%	$ 49,083		$ (883)	-2%	(4)
Supplies & Services & Capital Outlay	9,101	9,150	1%	9,276		126	1%	(5)
Total Expenditures	$ 55,366	$ 59,115	7%	$ 58,359		$ (757)	-1%	
Net from Operations	$ 3,599	$ 1,500		$ 2,321		$ 821		
Net Subsidies (Transfers) In (Out)	(2,266)	(2,203)	-3%	(2,270)		(67)	3%	(6)
Fund Additions/(Deductions)	(1,365)	-		-		0		
Change in Fund Balance	$ (33)	$ (703)		$ 51		$ 754		
Beginning Fund Balance	6,876	6,844		6,844		0		
Ending Fund Balance	$ 6,844	$ 6,141		$ 6,895		$ 754		
Ending FB as a % Operating Revenues	11.6%	10.1%		11.4%				(7)
Ending FB: Reflected as Months of Expenditures	1.5	1.2		1.4				
Student FTE Enrollment	4,357	4,239	-2.7%	4,418			4.2%	
AUXILIARY ENTERPRISES (Including North Campus Village)								
Enrollment Fees	$ 6,000	$ 6,845	14%	6,758		$ (87)	-1%	(8)
Sales & Services	12,079	13,447	11%	13,667		219	2%	(9)
Other	2,591	2,809	8%	3,273		464	17%	(10)
Total Revenues	$ 20,670	$ 23,102	12%	$ 23,698	26.4%	$ 596	3%	
Personnel Services	$ 7,356	$ 8,814	20%	$ 8,056		$ (758)	-9%	(11)
Supplies & Services & Capital Outlay	13,533	14,708	9%	14,906		198	1%	(12)
Total Expenditures	$ 20,889	$ 23,522	13%	$ 22,961		$ (560)	-2%	
Net from Operations	$ (219)	$ (420)		$ 736		$ 1,156		
Net Subsidies (Transfers) In (Out)	1,450	1,828		1,852		$ 24	1%	(13)
Additions/(Deductions) to Unrestricted Net Assets	(1,404)	-		(1,178)		(1,178)		(14)
Change in Unrestricted Net Assets	$ (173)	$ 1,408		$ 1,410		$ 2		
Beginning Fund Balance Available for Operations	(601)	(774)		(774)		0		
Ending Fund Balance Available for Operations	$ (774)	$ 634		$ 636		$ 2		(15)
Ending FB as a % Operating Revenues	-3.7%	2.7%		2.7%				
Ending FB: Reflected as Months of Expenditures	(0.4)	0.3		0.3				

Southern OREGON UNIVERSITY

Periodic Management Report

As of December 31, 2017
Fiscal Year Ending June 30, 2018

Budget Forecast

(in thousands except enrollment)	FY2017 Final Results	FY2018 Initial Budget	% Change	FY2018 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes
DESIGNATED OPERATIONS, SERVICE DEPARTMENTS, CLEARING FUNDS								
Enrollment Fees	$ 1,094	$ 998	-9%	$ 977		$ (21)	-2%	(16)
Sales & Services	3,217	2,542	-21%	2,731		189	7%	(17)
Other	3,861	1,658	-57%	1,578		(80)	-5%	(18)
Total Revenues	$ 8,172	$ 5,198	-36%	$ 5,287	5.9%	$ 88	2%	
Personnel Services	$ 2,792	$ 3,498	25%	$ 3,134		$ (365)	-10%	(19)
Supplies & Services & Capital Outlay	2,615	2,206	-16%	2,192		(13)	-1%	(20)
Total Expenditures	$ 5,407	$ 5,704	5%	$ 5,326		$ (378)	-7%	
Net from Operations	$ 2,764	$ (505)		$ (39)		$ 467		
Net Subsidies (Transfers) In (Out)	(717)	376	-152%	419		43	11%	(17)
Additions/(Deductions) to Unrestricted Net Assets	(1,858)	-		(308)		(308)		
Change in Unrestricted Net Assets	$ 190	$ (130)		$ 72		$ 202		
Beginning Fund Balance Available for Operations	1,300	1,490		1,490		0		
Ending Fund Balance Available for Operations	$ 1,490	$ 1,360		$ 1,562		$ 202		
Ending FB as a % Operating Revenues	18.2%	26.2%		29.5%				
Ending FB as Months of Expenditures	3.3	2.9		3.5				
ALL CURRENT UNRESTRICTED FUNDS:								
Beginning Fund Balance Available for Daily Operations	$ 7,575	$ 7,560		$ 7,560		$ -		
Revenues	87,807	88,916	1%	89,664		748	1%	
Expenditures	81,662	88,341	8%	86,646		(1,695)	-2%	
Transfers	(1,533)	-		(0)		(0)		
GL Additions & Deductions	(4,627)	-		(1,485)		(1,485)		
Ending Fund Balance Available for Daily Operations	$ 7,560	$ 8,135		$ 9,092		$ 958		
Ending FB as a % Operating Revenues	8.6%	9.1%		10.1%				
Ending FB as Months of Expenditures	1.1	1.1		1.3				

Southern OREGON UNIVERSITY

Periodic Mangement Report

Appendix A

Summary of Subsidies (Transfers) Between Fund Types

Actuals and Projections For Fiscal Year 2018

1/8/2018

Business Services

	Education & General	Des Ops & Svc Dpts	Auxiliaries (incl NCV)	Plant, and Other Funds
	Projection	Projection	Projection	Projection
Transaction Description	**$ (2,270,233)**	**$ 418,702**	**$ 1,851,531**	**$ -**
Between Fund Types				
Base General Fund Support to Athletics	$ (1,355,905)	$ -	$ 1,355,905	$ -
Athletics General Fund Course Transfer	(371,450)	-	371,450	-
Sports Camps Support to Athletics	-	(20,500)	20,500	-
Support to Athletics Sports Band	(44,739)	-	44,739	-
General Fund Support to JPR	(291,710)	291,710	-	-
General Fund Support to RVTV	(109,520)	109,520	-	-
General Fund Repayment of Loan to Housing (to end FY17)	(35,000)	-	35,000	-
Operations to Repair/Replace Reserve	-	-	-	-
General Fund PEAK Support to Various	(60,593)	36,656	23,937	-
Budgeted Ops Support to Des Ops/Svc Depts	(1,016)	1,016	-	-
Closing Funds	(300)	300	-	-

(in thousands except enrollment)	FY2017 Final Results	FY2018 Initial Budget	% Change	FY2018 Forecast	100.0%	Variance from Initial Budget	% Variance from Initial Budget	Notes

Notes

(1) Increased funding from the State due to legislative action increasing funding to the PUSF, balanced by an agreement to reduce the tuition rate below that projected in the original adopted budget..

(2) Enrollment was trending up by about 2% through the start of the Fall term (Sept). Initial Fall term projections were estimating annual growth at about 2.5%. Instead, enrollments trailed off a little bit over the course of the Fall term, and continued falling off for Winter term (estimating at about 1.25% for Winter). The start up of the Academic Partners partnership will provide some new revenue resources occurring later this year, but it will be limited given the Spring term start up. As a result, the revenue estimates for the year are being downgraded to a 1.5% growth.

(3) Predominantly inline with budgets, with some increases in contributions to bad-debt allowance reserves. FY2017 saw a number of one-time revenue resources, largely coming from increases in the recognition of the Land Lease , and insurance reimbursement, revenues. Typical annual revenues generated here usually amount to about $1.9m a year, absent the receipt of any one-time unexpected funds.

(4) Faculty labor savings tied to lower enrollments. Postponement (and reduction) of COLA increases for Administrators. Student labor expenses trending lower. Savings in OPE (Other Payroll Expense) costs

(5) Overall S&S spending is inline with budget. There are some savings with assessments for contributions to both liability risk pools, but this is more than offset by maintaining higher estimates for recognition

(6) Inline with the prior year. Includes about $1.8m for support of Athletics, as well as another $400k in support of JPR and RVTV operations.

(7) Largely tied to reduced enrollment trends, the ending fund balance projection is being reduced down to 11.4% (down from the earlier estimate of 11.9%).

(8) An increase in the Student Recreation Center fee from $75/credit hour to $95/credit hour (26.7%) will raise the Rec Center revenues by about $180k. Student Incidental Fees were also increased by approximately 7.2%, but lower enrollments in Winter term may bring overall revenues in just under earlier budgeted estimates.

(9) FY2017 revenues were understated due to Land Lease revenues being absorbed by the General Fund ($700k). Excluding this, budget would be up about 5%. Most of this backed by an average 3% price increase. However, revenues are projected to surpass budget due to stronger occupancy rates within Housing (up 7% year to date).

(10) Increased net-Dining activity due to stronger housing occupancy ($400k). Also seeing higher activity within the Health Center (up 17.9%).

(11) Personnel Services trending at about 7% up. Driven by COLAs and other step increases for classified employees. Additionally, new positions coming on board with the start up of the Student Recreation Cent

(12) FY2017 S&S Costs came in lower partially due to savings tied to debt refinancing (approximately $400k). Absent this effect, budget would be up about 6%, being driven by increased activity in Housing due to higher occupancy ($200k), increased spending in Athletics ($50k, increase in rentals with the Pavilion still offline), official start up of the Student Rec Center ($120k), and increased parking lot maintenance ($200k).

(13) Subsidies largely tie to the General Fund support going to Athletics.

(14) Payments of Bond principal.

(15) Contributing factors to the auxiliary deficit operating Fund Balance position include:
- Athletic program ongoing projected deficit of $1.8(m).
- Remaining Internal Loan from the General Fund to cover the costs of the BOLI Settlement $(1.8m), to be paid back to the GF over the next 10 years

(16) Non-credit trending down from prior year, but in line with budget. Also, seeing lower activity associated with field trips.

(17) FY2017 revenues were higher than normal due to $1m being transferred from the JPR Foundation in support of the construction activities for the new JPR facilities in the Theatre building. FY0218 forecast largely tied to increased funding from the JPR Foundation to support operational activity for JPR.

(18) FY2017 revenues were higher than normal due to $1.68m being recognized for the commitment from the JPR Foundation to pay the bond debt associated with the new JPR facilities in the Theatre building, as well as the $566k recognized in revenue tied to the sale of the JPR Cascade Theatre building. Absent these two activities in FY2017, normal revenue generation in this area is closer to $1.6m. Revenue is trending down in some of the Service Centers over the first half of the year.

(19) Budgeted growth for JPR, but limited to just COLA and step increases.

(20) Increases in FY2017 tied to the defeasance of the JPR Cascade building bond costs ($570k). Current spending trending inline with budget estimates.

Initial Enrollment Projections

Student Headcounts
Fall 2016 Week Ending 1/6/17 vs. Fall 2017 Week Ending 1/5/18
Certified End of Term Data

	Fall 2016	Fall 2017	Change	% Change	Fall 2016 End of Term	Change	% Change	vs. budgeted projection
New Freshmen	690	747	57	8.3%	690	57	8.3%	
New Transfers	544	547	3	0.6%	544	3	0.6%	
New PostBacs/Graduates	144	153	9	6.3%	144	9	6.3%	
Subtotal - New Students	**1,378**	**1,447**	**69**	**5.0%**	**1,378**	**69**	**5.0%**	
Continuing Students	3,064	3,028	-36	-1.2%	3,064	-36	-1.2%	
Returning After an Absence	217	230	13	6.0%	217	13	6.0%	
Non-Admitted	1,439	1,436	-3	-0.2%	1,439	-3	-0.2%	
Grand Total - Headcount	**6,098**	**6,141**	**43**	**0.71%**	**6,098**	**43**	**0.71%**	**3.47%**
Grand Total - FTE	**4,295**	**4,378**	**83**	**1.93%**	**4,295**	**83**	**1.93%**	**4.73%**
Resident	4,184	4,159	-25	-0.6%	4,184	-25	-0.6%	
Non-Resident	1,914	1,982	68	3.6%	1,914	68	3.6%	
International	158	148	-10	-6.3%	158	-10	-6.3%	
American Indian/Alaskan Native	58	53	-5	-8.6%	58	-5	-8.6%	
Asian	89	88	-1	-1.1%	89	-1	-1.1%	
Black/African American	111	111	-	0.0%	111	-	0.0%	
Hispanic/Latino	545	560	15	2.8%	545	15	2.8%	
Pacific Islander	26	33	7	26.9%	26	7	26.9%	
North African, Middle Eastern, Other	38	34	-	-10.5%	38	-4	-10.5%	
Two or More Races	445	450	5	1.1%	445	5	1.1%	
Subtotal - Students of Color (race & ethnicity)	**1,312**	**1,329**	**17**	**1.3%**	**1,312**	**17**	**1.3%**	
White	2,927	2,964	37	1.3%	2,927	37	1.3%	
Unknown	1,701	1,700	-1	-0.1%	1,701	-1	-0.1%	
Alaska	67	63	-4	-6.0%	67	-4	-6.0%	
California	1,223	1,283	60	4.9%	1,223	60	4.9%	
Hawaii	118	104	-14	-11.9%	118	-14	-11.9%	
Idaho	34	32	-2	-5.9%	34	-2	-5.9%	
Washington	149	163	14	9.4%	149	14	9.4%	
All Other States	225	247	22	9.8%	225	22	9.8%	

SCH by Student Level Within Tuition Category
Fall 2016 Week Ending 1/6/17 vs. Fall 2017 Week Ending 1/5/18
Certified End of Term Data

Tuition Category	Fall 2016	Fall 2017	Change	% Change
UG WUE	16,272	16,326	54	0.3%
UG Resident	28,007	28,474	467	1.7%
UG Non-resident	1,550	1,571	21	1.4%
UG Online	6,491	7,417	926	14.3%
Subtotal - Undergraduates	**52,320**	**53,788**	**1,468**	**2.8%**
GR Resident	2,199	705	-1,494	-67.9%
GR Non-resident	712	491	-221	-31.0%
GR Online	149	148	-1	-0.7%
GR Education Differential	-	1,454	1,454	
Subtotal - Graduates	**3,060**	**2,798**	**-262**	**-8.6%**
Staff Rates	604	542	-62	-10.3%
Waived Tuition	720	685	-35	-4.9%
Course Based Tuition	792	970	178	22.5%
Advanced Southern Credit	5,836	5,857	21	0.4%
Early Entry HS	46	41	-5	-10.9%
Grand Total - SCH	**63,378**	**64,681**	**1,303**	**2.1%**

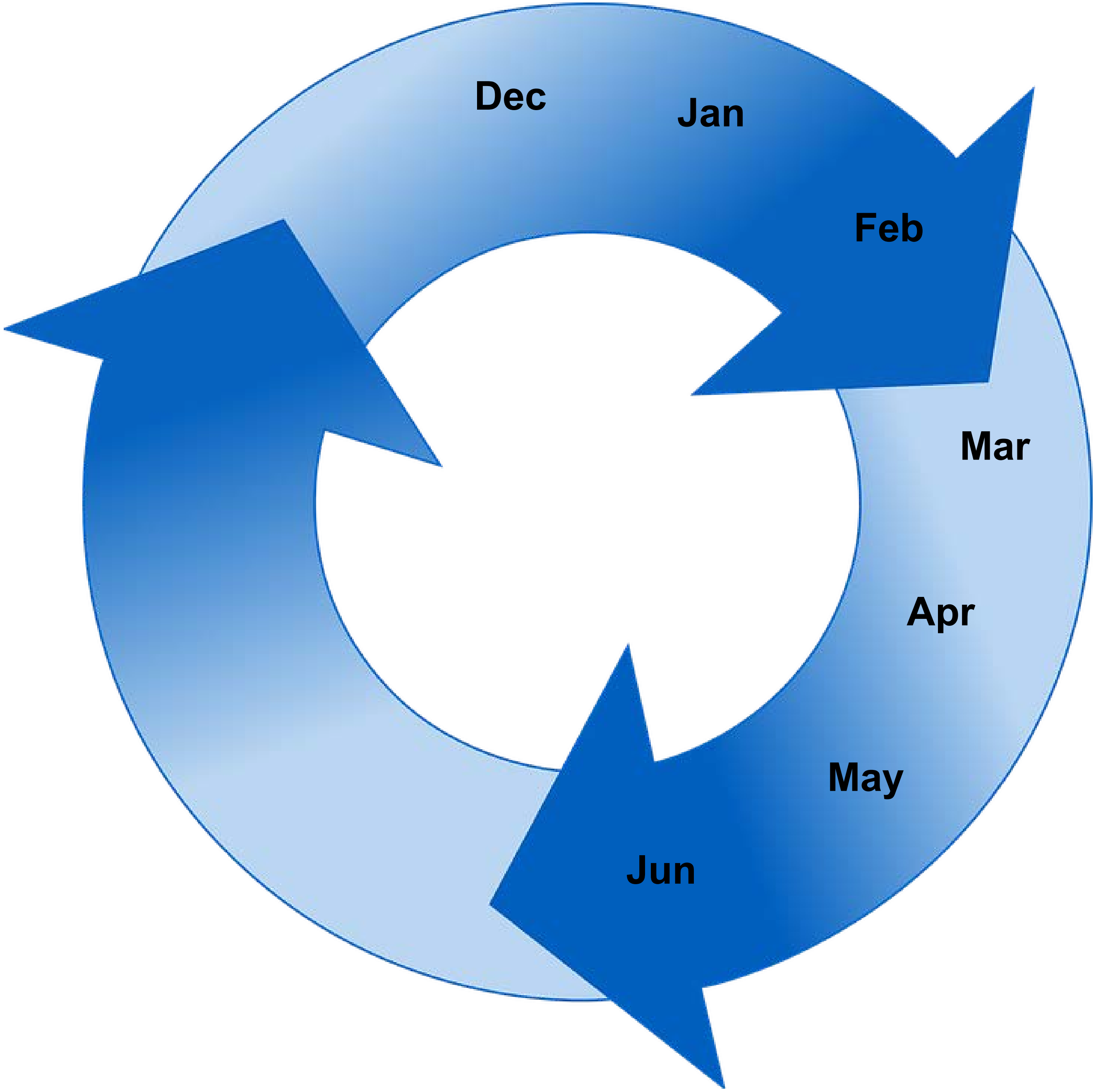
Student Headcounts
Winter 2017 Week Ending 1/15/17 vs. Winter 2018 Week Ending 1/14/18
1 Week After Start of Term

	Winter 2017	Winter 2018	Change	% Change	Winter 2017 End of Term	Change	% Change	
New Freshmen	29	19	-10	-34.5%	29	-10	-34.5%	
New Transfers	128	81	-47	-36.7%	130	-49	-37.7%	
New PostBacs/Graduates	26	30	4	15.4%	30	-	0.0%	
Subtotal - New Students	**183**	**130**	**-53**	**-29.0%**	**189**	**-59**	**-31.2%**	
Continuing Students	3,978	4,002	24	0.6%	4,022	-20	-0.5%	
Returning After an Absence	219	220	1	0.5%	225	-5	-2.2%	**vs. budgeted**
Non-Admitted	164	149	-15	-9.1%	1,375	-1,226	-89.2%	**projection**
Grand Total - Headcount	**4,544**	**4,501**	**-43**	**-0.95%**	**5,811**	**-1,310**	**-22.54%**	**-20.42%**
Grand Total - FTE	**3,734**	**3,742**	**8**	**0.21%**	**4,114**	**-372**	**-9.04%**	**-6.55%**
Resident	2,769	2,730	-39	-1.4%	3,972	-1,242	-31.3%	
Non-Resident	1,775	1,771	-4	-0.2%	1,839	-68	-3.7%	
International	141	132	-9	-6.4%	146	-14	-9.6%	
American Indian/Alaskan Native	63	43	-20	-31.7%	67	-24	-35.8%	
Asian	81	81	-	0.0%	83	-2	-2.4%	
Black/African American	95	95	-	0.0%	98	-3	-3.1%	
Hispanic/Latino	503	503	-	0.0%	525	-22	-4.2%	
Pacific Islander	24	32	8	33.3%	24	8	33.3%	
North African, Middle Eastern, Other	32	28	-4	-12.5%	32	-4	-12.5%	
Two or More Races	399	394	-5	-1.3%	416	-22	-5.3%	
Subtotal - Students of Color (race & ethnicity)	**1,197**	**1,176**	**-21**	**-1.8%**	**1,245**	**-69**	**-5.5%**	
White	2,676	2,681	5	0.2%	2,807	-126	-4.5%	
Unknown	530	512	-18	-3.4%	1,613	-1,101	-68.3%	
Alaska	69	62	-7	-10.1%	69	-7	-10.1%	
California	1,118	1,123	5	0.4%	1,171	-48	-4.1%	
Hawaii	108	94	-14	-13.0%	110	-16	-14.5%	
Idaho	31	30	-1	-3.2%	31	-1	-3.2%	
Washington	136	149	13	9.6%	135	14	10.4%	
All Other States	223	238	15	6.7%	237	1	0.4%	

SCH by Student Level Within Tuition Category
Winter 2017 Week Ending 1/15/17 vs. Winter 2018 Week Ending 1/14/18
1 Week After Start of Term

Tuition Category	Winter 2017	Winter 2018	Change	% Change
UG WUE	15,239	15,337	98	0.6%
UG Resident	25,941	26,704	763	2.9%
UG Non-resident	1,485	1,574	89	6.0%
UG Online	7,771	7,415	-356	-4.6%
Subtotal - Undergraduates	**50,436**	**51,030**	**594**	**1.18%**
GR Resident	612	645	33	5.4%
GR Non-resident	419	358	-61	-14.6%
GR Online	338	207	-131	-38.8%
GR Education Differential	1,681	1,469	-212	-12.6%
Subtotal - Graduates	**3,050**	**2,679**	**-371**	**-12.16%**
Staff Rates	535	500	-35	-6.5%
Waived Tuition	528	559	31	5.9%
Course Based Tuition	674	635	-39	-5.8%
Advanced Southern Credit	12	-	-12	-100.0%
Early Entry HS	25	48	23	92.0%
Grand Total - SCH	**55,260**	**55,451**	**191**	**0.35%**

Budget Process and Assumptions, Fiscal Year 2018-19


Dec
Jan
Feb
Mar
Apr
May
Jun

December: Laying the Foundation

- Validate/update employee data and baseline budgets

January: Initial Building Blocks

- Identify assumptions – *Pro Forma preview*
- Build initial budgets based on assumptions
- Begin TAC and other fee development

February: Starting to Take Shape

- Budget Managers finalize budgets
- Tuition and Fee Processes conclude
- Update assumptions, validate budgets - *Pro Forma preview*

March: Closing-in on Finishing

- Finalize tuition and fees, finalize enrollment projection
- Get fund balance guidance
- Budget development close
- Review auxiliary budgets
- Update assumptions,
  validate budgets - *Pro Forma preview*

April: Final Pieces – Moving in

- Add in faculty (faculty workbooks)
- Update assumptions, validate budgets - *Pro Forma preview*

May: Double Checking

- Update assumptions, validate budgets
- Validate board guidance and management priorities - *Pro Forma preview*

June: Wrap-up

- Adopt Final Budget - *Pro Forma preview – Forecast = New Budget*

Assumptions

- Tuition rate
- Initial enrollment projections
- Labor increases
- Benefits increases
- Supplies and services
- Transfers

Tuition and Mandatory Fee Processes

- Tuition – Tuition Advisory Council
- Student Incidental Fee – Student Fee Committee
- Health Fee – Director, Student Health Center
- Housing Meal and Room Rates – Director, Housing
- Student Recreation Center Fee – SRC Advisory Council
- Building Fee – Administration
- Special Fees – Administration
  - Course/lab fees, Course-based tuition (continuing ed), Registration/misc. admin fees

- Blue = Governing Board must approve, cannot delegate
- Black = Delegated to Administration, fits within Board guidance
- Underlined = Included in HECC Review

Without further delay, let's go to the pro forma

Budget Update: Auxiliaries

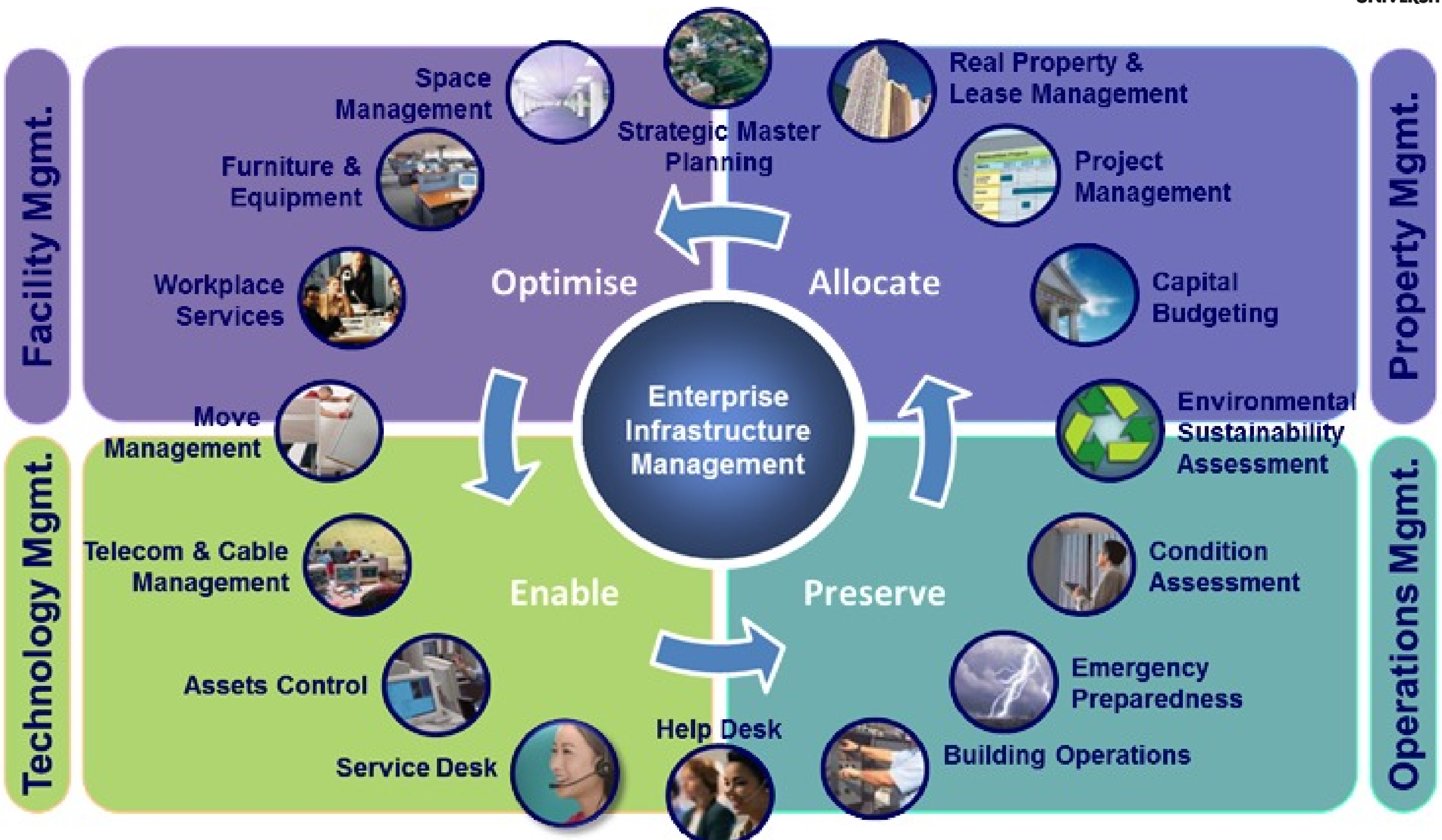
Proposed Capital Projects

Proposed Capital Projects

	Funding source	Project Title	Est Cost	Comments
2017 - 18				
	1	Central Hall Deferred Maintenance Proj	$ 6,125,000	Approved in HECC BSR, fund spring '19
	1	Central Plant Boiler Replacement	$ 2,815,000	Pending approval - Emergency Project submittal in '18 (short session)
2019 - 21				
	1	Music Building Deferred Maintenance	$ 8,000,000	
	1	Cascade Building Demolition	$ 2,500,000	
	2	Greensprings Deferred Maintenance, Ph 1	$ 5,000,000	consider Private / Public deal; split into phases
2021 - 23				
	1	Ed./Psych Building Deferred Maintenance	$ 8,000,000	
	1	Taylor Hall Deferred Maintenance	$ 7,000,000	
	2	Greensprings Deferred Maintenance, Ph 2	$ 5,000,000	slip from 2019
2023 - 25				
	1	Suzanne Holmes Academic Bldg Re-purpose	$ 15,000,000	slip from 2019

Key:
1 - State Paid Debt Service
2 - Institution Paid Debt Service
3 - Gift
4 - Private / public partnership

Enterprise Infrastructure Management



Realize vision – Oregon's University for the Future … innovate

Future Meetings

Adjournment